

Fiscal Year 2017 Classification Hearing

Board of Selectmen
Board of Assessors
Dedham Town Hall
November 29, 2016

Agenda

- Required purpose of this hearing
- What is Classification
- What is a Tax Shift
- Overall Assessed Property in Dedham
- How much is raised through property tax
- Estimated Tax Rates
- Historical Rates
- Discussion

Hearing Requires Two Votes by Selectmen

- Does the Board of Selectmen want to continue classification for the Town of Dedham?
- What shift, if classification continues, does the Board of Selectmen vote to use?
- Based on these votes a tax rate for Fiscal Year 2017 is created.

What is Classification?

- Municipalities have the option of taxing the various classes of property differently.
- Classes are: Residential and Commercial, Industrial, Personal Property (CIP)
- The use of classification creates a tax shift
- In Dedham, the determination to allocate the tax burden by class is made annually by the Board of Selectmen

What is a Tax Shift?

- Massachusetts communities may shift some of the residential tax burden onto the commercial, industrial, and personal properties (CIP) by adopting a residential factor which creates a split tax rate.
- Dedham has historically had a split tax rate
 - Split tax rates tax CIP at a higher rate than residential property. Note personal property is business property such as equipment, furniture, computers, etc...
- Last December, Selectmen, in consultation with the Board of Assessors, voted to set the fiscal year of 2016 shift factor at 1.75, the maximum shift available for Dedham. This means that for FY16, CIP property, while representing just under 20% of the total taxable value, paid just under 34% of the total taxes.

What is a Tax Shift?

- How is it calculated
 - Each type of property is classified into categories
 - Each of these categories represents a percentage of the total assessed property in Town
 - CIP Property percentages is then multiplied by the shift factor ($19\% \text{CIP} \times 1.75 \text{ Shift} = 33.25\%$)
 - This percentage is then subtracted from 100%
 - This difference is the total burden for residential properties ($100\% - 33.25\% \text{CIP} = 66.75\% \text{ Res.}$)

Overall Assessed Value of Property

- These values are as of January 1, 2016, and are based on sales and data analysis from activity in calendar year 2015
- Residential \$3.7 billion
- Commercial \$719 million
- Industrial \$39 million
- Personal Property \$112 million
- Total of all Property \$4.6 billion

Average Values

- As of 1/1/16 the average single family home was assessed at \$448,603.
- The previous year was \$420,216 an increase of 6.76%
- As of 1/1/16 the average Commercial/Industrial (CI) property was assessed at \$2,080,463 an increase of 4.81%

How much money does the Town raise through property taxes?

- Property taxes need to be raised to pay for a portion of the budget approved at Town Meeting
- For FY 17 this share is about 67% or \$82,100,000.
- For FY 16 this share is about 75% or \$81,500,000.
- For FY 15 this share is about 75% or \$80,000,000.

Estimated Tax Rates

- Estimated tax rates for FY17 per \$1,000 of value will be approximately \$14.76 for residential properties and approximately \$31.36 for CIP properties
- Therefore each \$100,000 of value equals approximately \$1,476 in residential taxes and \$3,136 in CIP taxes

Historical Rates

Fiscal Year	FY 17 (Estimated)	FY 16	FY 15	FY 14
Average SFH	\$448,603	\$420,216	\$401,728	\$386,627
Rate	\$14.76	\$15.49	\$15.87	\$16.08
Average Tax Bill	\$6,621.38	\$6,509.14	\$6,375.43	\$6,216.96
Average Increase	\$112.24	\$133.72	\$158.47	\$280.00

Discussion by BOS and BOA

- This concludes our slide show
- We now refer to the packet of information prepared for this hearing